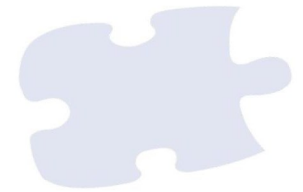
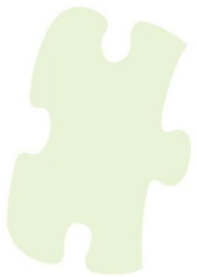


# BUDGET UPDATE



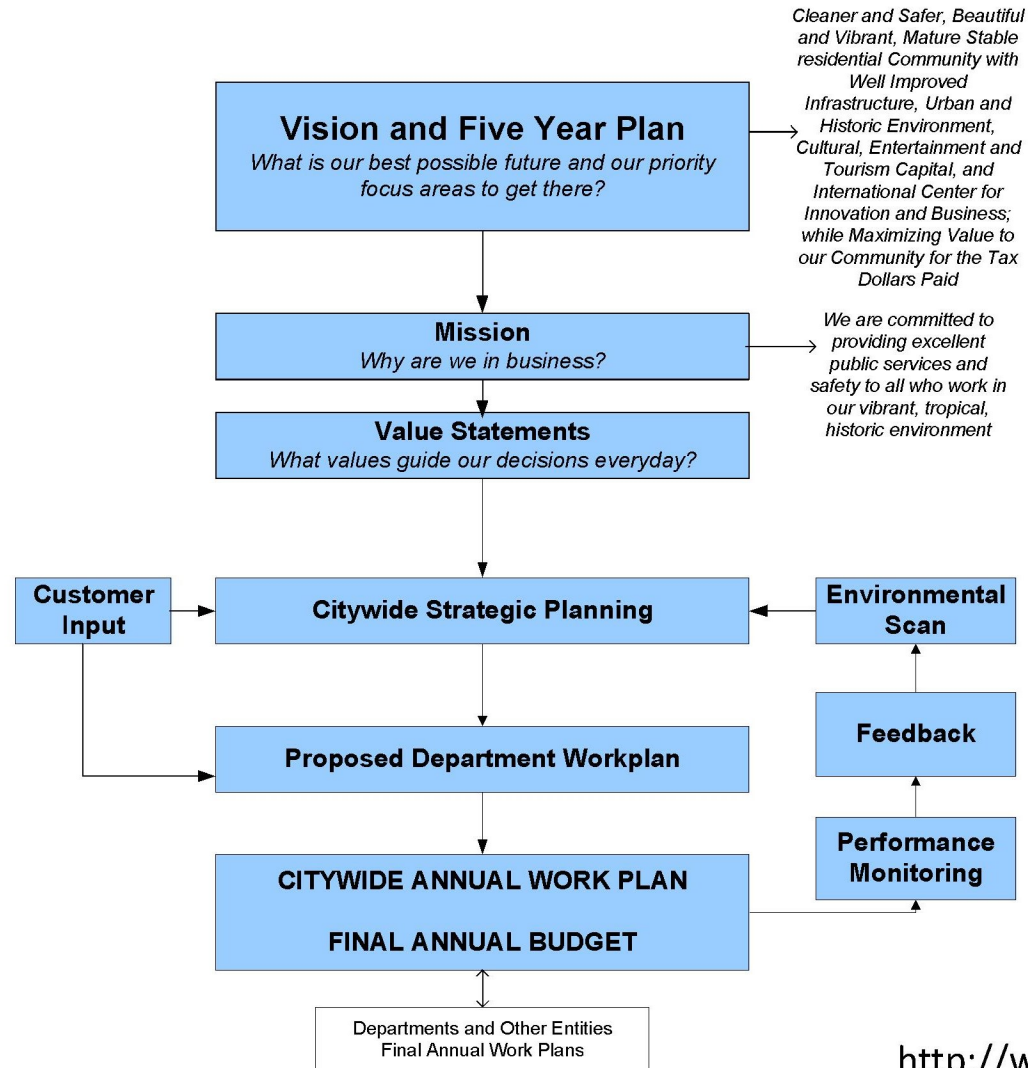
Commission Retreat  
May 29, 2015



# AGENDA

- Budget Process Overview
- General Fund Budget Trends
- FY 2014/15 Budget Highlights
- FY 2015/16 General Fund CSL Update
- Other Funds
- Next Steps

# CITY OF MIAMI BEACH'S EXCELLENCE MODEL



<http://web.miamibeachfl.gov/excellence>

# CITY OF MIAMI BEACH'S EXCELLENCE MODEL

- **Community Survey**

- Conducted every two years
- Next survey tentatively scheduled for Spring, 2016

- **Environmental Scan**

- Contains demographic, economic, and financial trend information
- Information used for updates to the City's Strategic Plan
- Document recently updated and can be found at <http://web.miamibeachfl.gov/excellence>



# WORK PLAN & BUDGET CYCLE

Staff Retreats to identify potential initiatives

Jan - Feb      Initiate budget development process

Feb - Mar      Dept. Directors confer with ACM's during budget development for approvals; input received from Boards/Committees; workplan and budget submission due at the end of March

Mar - May      Commission establishes budget priorities  
Work plan/Budget planning workshops with departments  
Departmental reviews with City Manager and OBPI

Jun              Preliminary taxable values received June 1st from County  
Develop preliminary General Fund Budget

# WORK PLAN & BUDGET CYCLE

Jul 1st	"Certification of Taxable Values" received from County
Mid - Jul	City Commission sets tentative property millage rates
Jul – Aug	Finance & Citywide Projects Committee budget meetings
Aug	Administration develops Proposed Budget
Sep	First and second public hearings on the budget  Adopt tentative and final millage rates; Adopt operating budgets    Appropriate documentation filed with County Property Appraiser, Tax    Collector, and Florida Department of Revenue in Tallahassee

# TYPES OF FUNDS

- **General Fund**
- **Enterprise Funds**
- **Internal Service Funds**
- **G. O. Debt Service Funds**
- **Redevelopment Agency (RDA)**
- **Special Revenues (ex. Resort Tax Fund)**

# ADOPTED FY 2014/15 BUDGET OVERVIEW

## GENERAL FUND

\$280,079,000

Building	Human Resources/Labor Relations
Budget & Performance Improvement (OBPI)	Mayor and Commission
Capital Improvement Projects (CIP)	Emergency Management
City Attorney	Organization Development & Perf. Initiatives
City Manager	Planning
City Clerk	Parks & Recreation
Communications	Public Works Operations
Economic Development	Police
Finance	Fire
Procurement	Tourism & Cultural Development
Citywide Accounts	

## G.O. DEBT SERVICE FUND

\$ 5,928,000

## ENTERPRISE FUNDS

\$179,846,000

Convention Center	Parking Department
Water Operations	Sewer Operations
Stormwater	Sanitation



# ADOPTED FY 2014/15 BUDGET OVERVIEW

## REDEVELOPMENT AGENCY (RDA)

\$ 20,210,000

City Center- CMB TIF only

## SPECIAL REVENUE FUNDS

\$ 75,536,000

Resort Tax

Emergency 911

Concurrency Mitigation

IT Tech

Waste Hauler

Public Benefit Contribution

Tourism & Hospitality Program

Police Special Revenue Account

5<sup>th</sup> and Alton Garage Operations

Education Compact

Red Light Camera

Green/Sustainability

People's Transportation Plan (PTP)

Cultural Arts Council

Art in Public Places

Police Confiscation Trust Funds

Police Training and School Resources

7<sup>th</sup> Street Garage Operations

# ADOPTED FY 2014/15 BUDGET OVERVIEW

## INTERNAL SERVICE FUNDS

\$ 78,396,000

Information Technology

Central Services

Fleet Management

Risk Management

Property Management

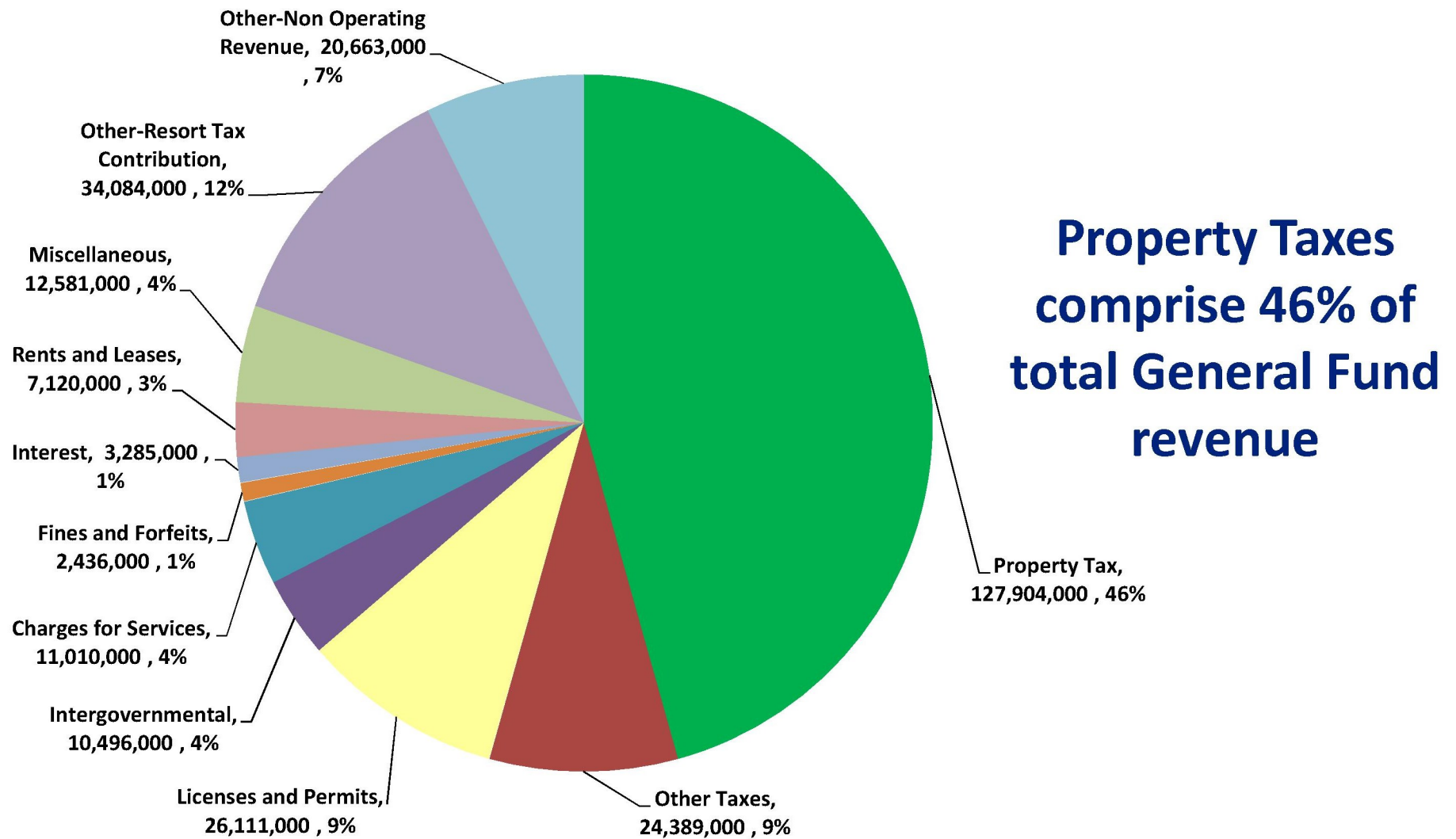
## TOTAL BUDGET

\$ 501,568,000

(Net of Internal Service Funds and Transfers)

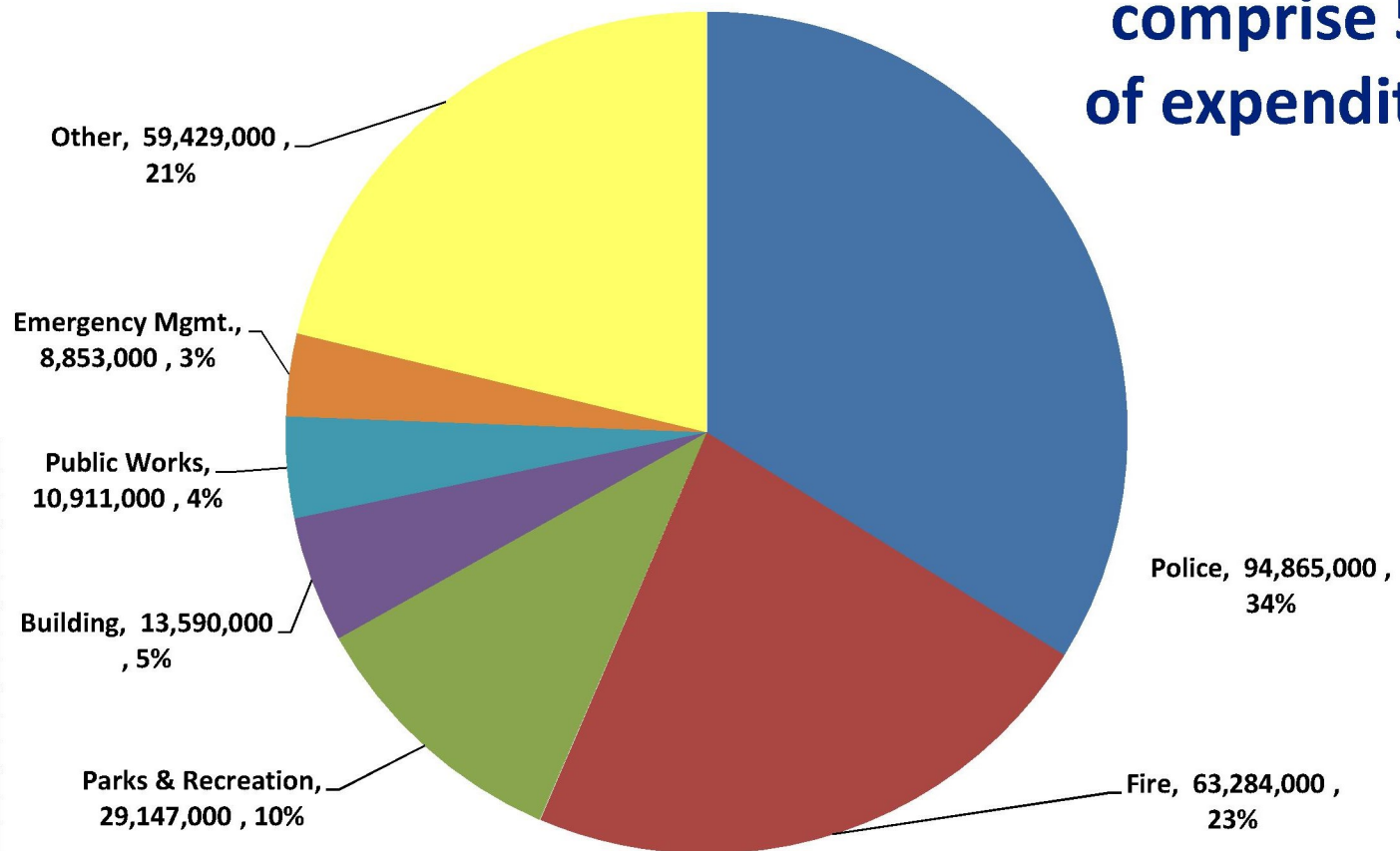


# FY 2014/15 GENERAL FUND REVENUES



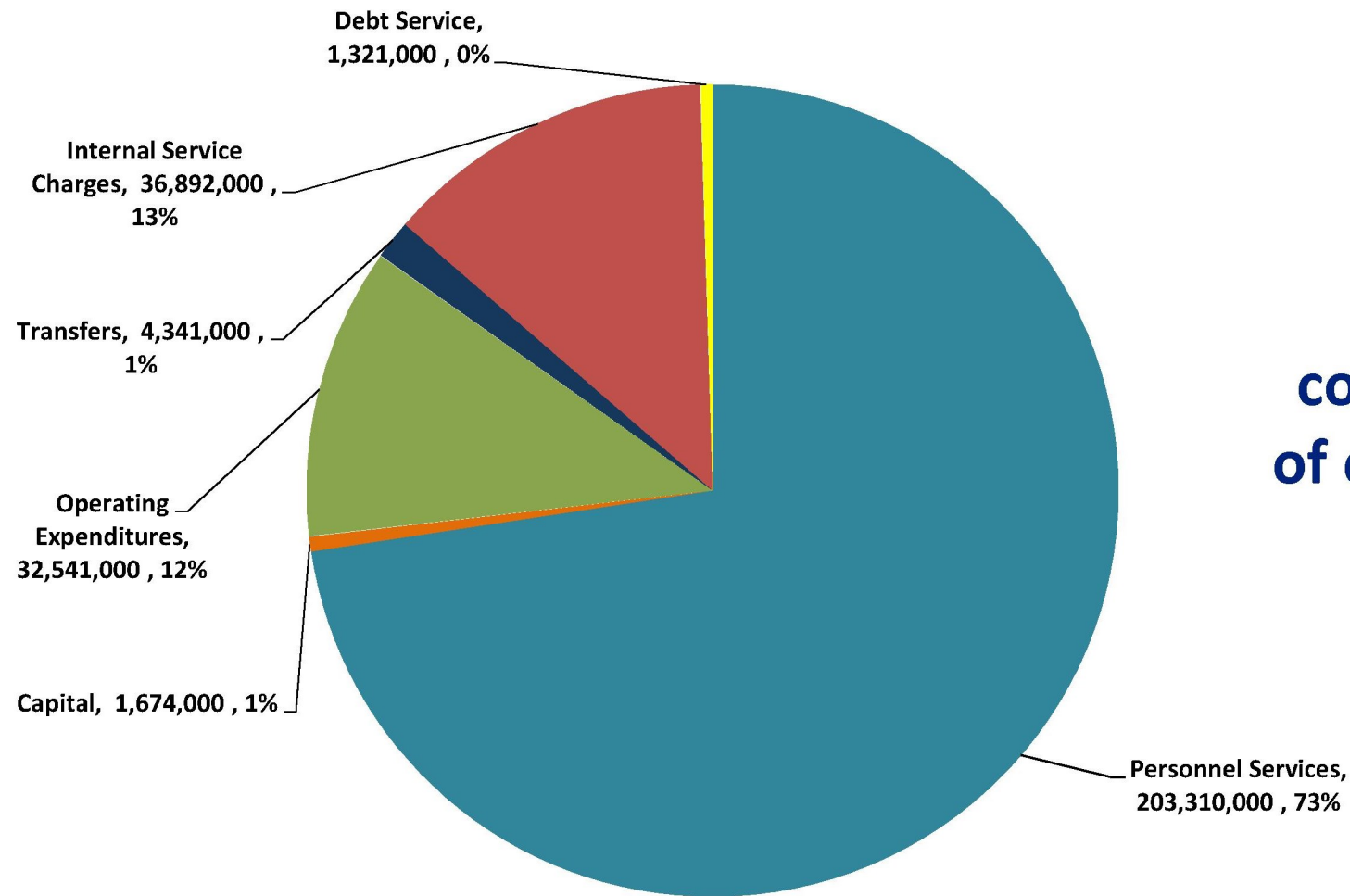
# FY 2014/15 GENERAL FUND EXPENDITURES

**Police and Fire  
comprise 57%  
of expenditures**



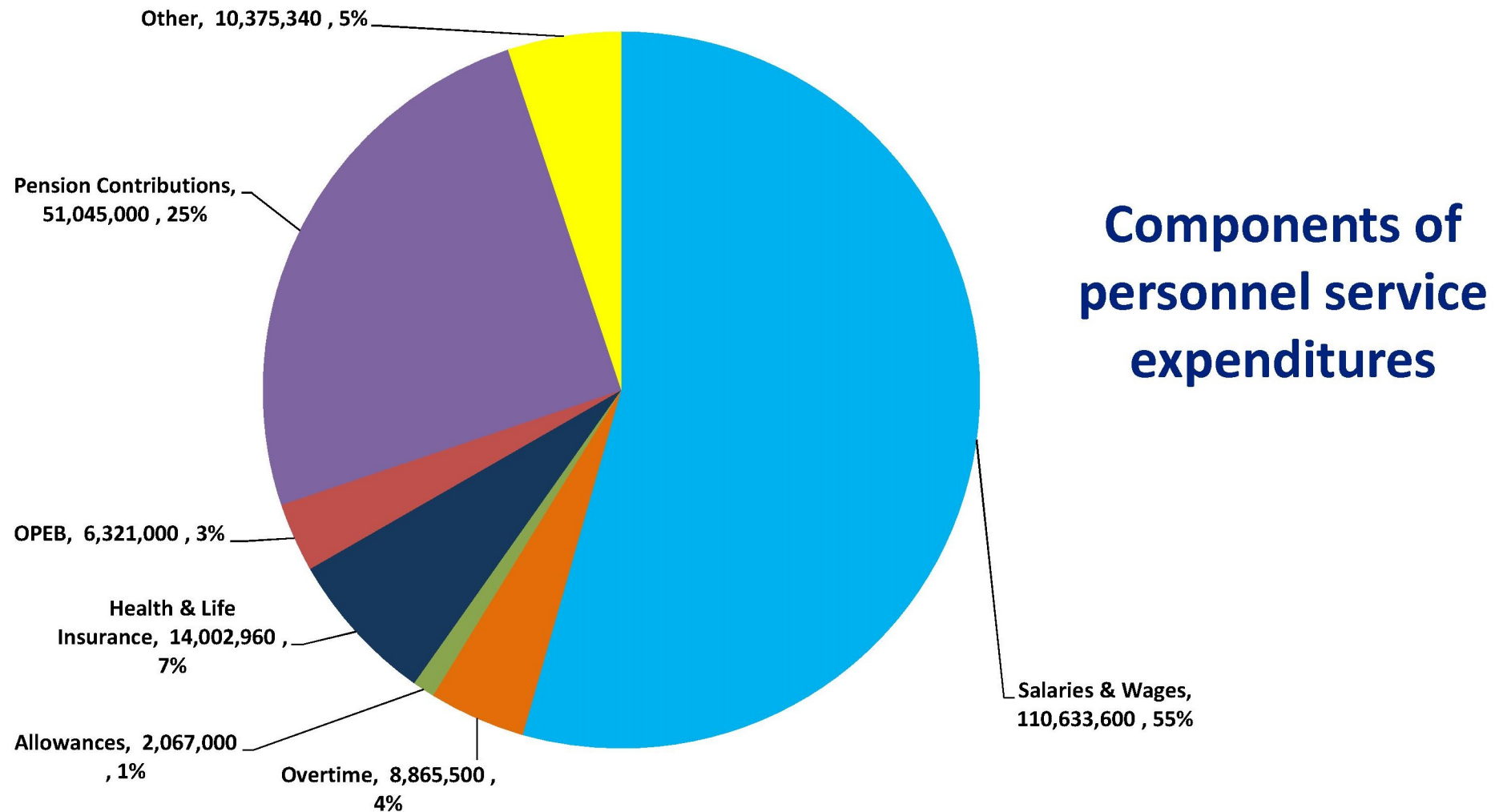
OTHER	
Mayor and Commission	1,916,000
City Manager	3,415,000
Communications	1,410,000
Office of Budget & Performance Improv	2,242,000
Organizational Develop. & Perf Initiatives	572,000
Finance	5,308,000
Procurement	1,667,000
Human Resources/Labor Relations	2,172,000
City Clerk	1,374,000
City Attorney	5,017,000
Housing & Comm Services	2,405,000
Planning	3,920,000
Tourism, Cultural, & Economic Dev.	3,509,000
Code Compliance	5,553,000
Capital Improvement Projects	4,903,000
Citywide Accounts & Oper. Contingency	9,846,000
Transfers	4,200,000
<b>TOTAL</b>	<b>59,429,000</b>

# FY 2014/15 GENERAL FUND EXPENDITURES



**Personnel  
Services  
comprise 73%  
of expenditures**

# FY 2014/15 GENERAL FUND EXPENDITURES



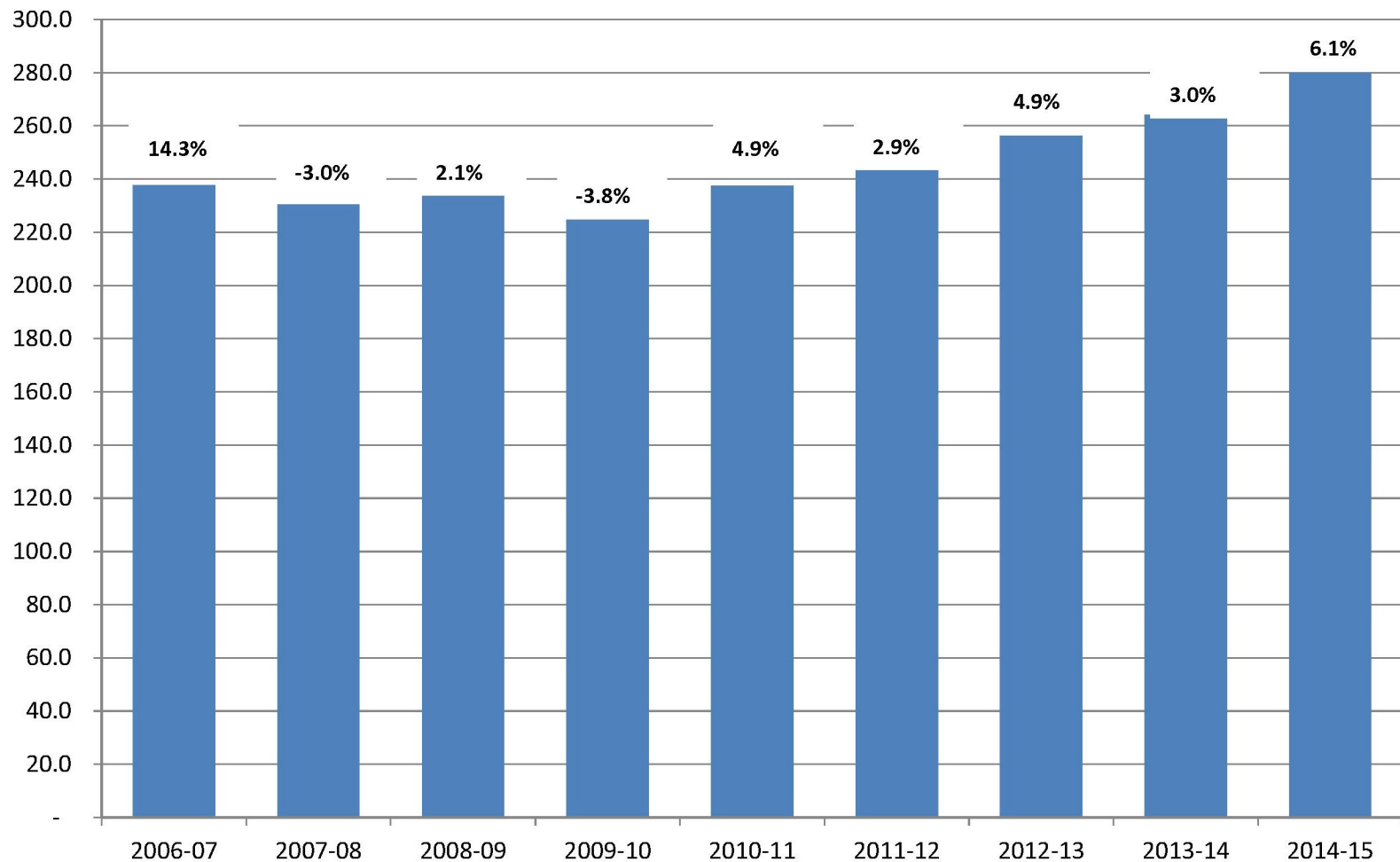


# General Fund Budget Trends



# GENERAL FUND EXPENDITURES BUDGET TREND

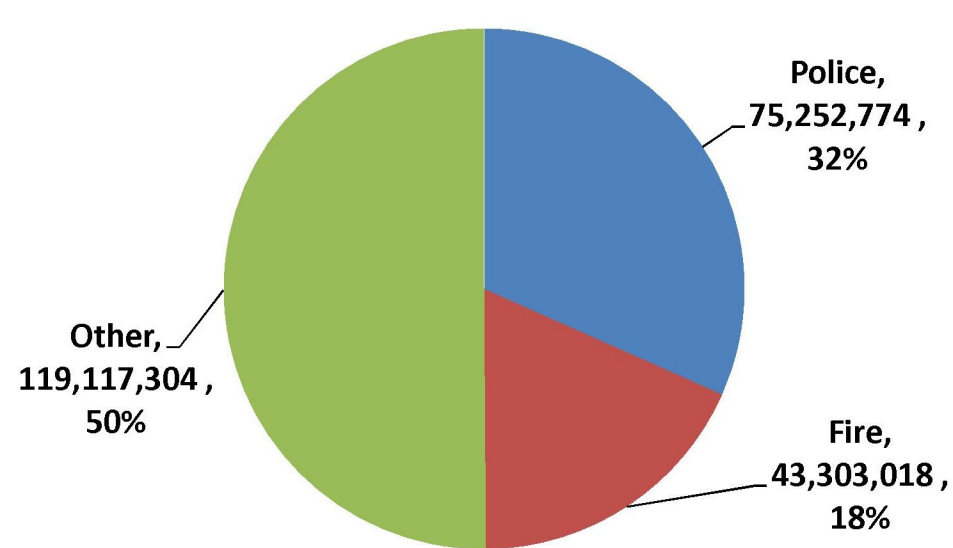
**General Fund Expenditures have grown by an average of 2.1% since FY 2007-08**



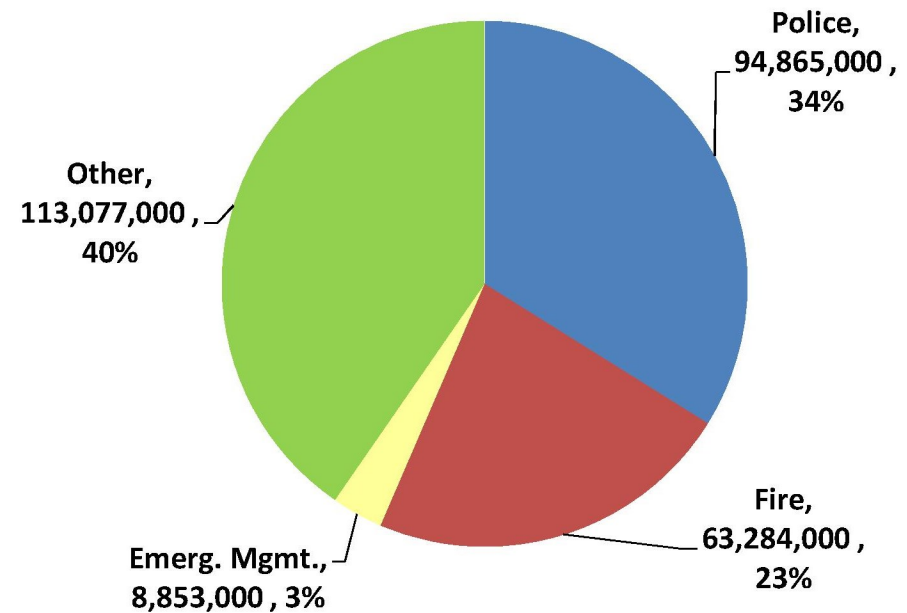


# PUBLIC SAFETY TREND

**Public Safety as a percentage of the budget has increased from 50% in FY 2006/07 to 60% in FY 2014/15**



**FY 2006/07 General Fund Budget**



**FY 2014/15 General Fund Budget**

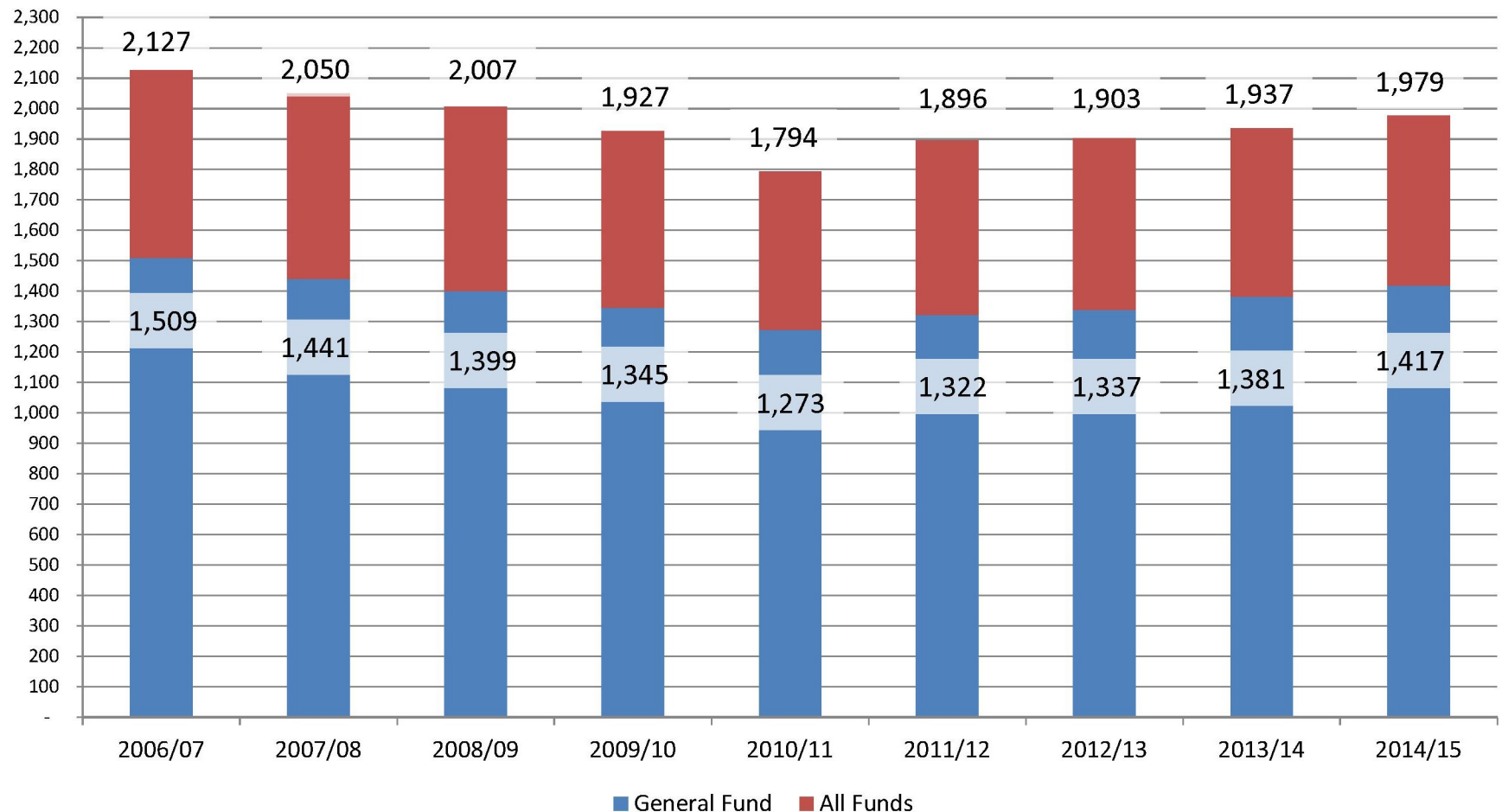
# EMPLOYEE GIVEBACKS

**Employee givebacks over the last 8 years total almost \$78.8 million**

General Fund	FY 2014/15 Adopted			8-Year Total		
	\$ Impacts	FT	PT	\$ Impacts	FT	PT
Public Safety		(3.0)		(\$8,021,095)	(71.0)	1.0
Operations				(\$6,126,867)	(66.0)	(23.0)
Administrative Support	(60,000)	1.0		(\$3,246,694)	(33.4)	1.0
Econ & Cultural Dev				(\$1,235,426)	(17.0)	-
Citywide				(\$1,619,642)	-	-
Subtotal	\$ (60,000)	(2.0)	-	(\$20,249,724)	(185.4)	(21.0)
Transfers				(\$23,168,966)	-	-
Total	\$ (60,000)	(2.0)	-	\$ (43,418,690)	(185.4)	(21.0)
Internal Service Funds		(19.0)		(\$3,871,225)	(57.1)	-
Enterprise Funds				(\$3,651,021)	(53.0)	10.0
GRAND TOTAL REDUCTIONS	\$ (60,000)	(21.0)	-	\$ (50,940,936)	(295.5)	(11.0)
Estimated Employee Givebacks	(\$1,900,000)			(\$27,833,360)	-	-
GRAND TOTAL REDUCTIONS AND GIVEBACKS	\$ (1,960,000)	(21.0)	-	\$ (78,774,296)	(295.5)	(11.0)

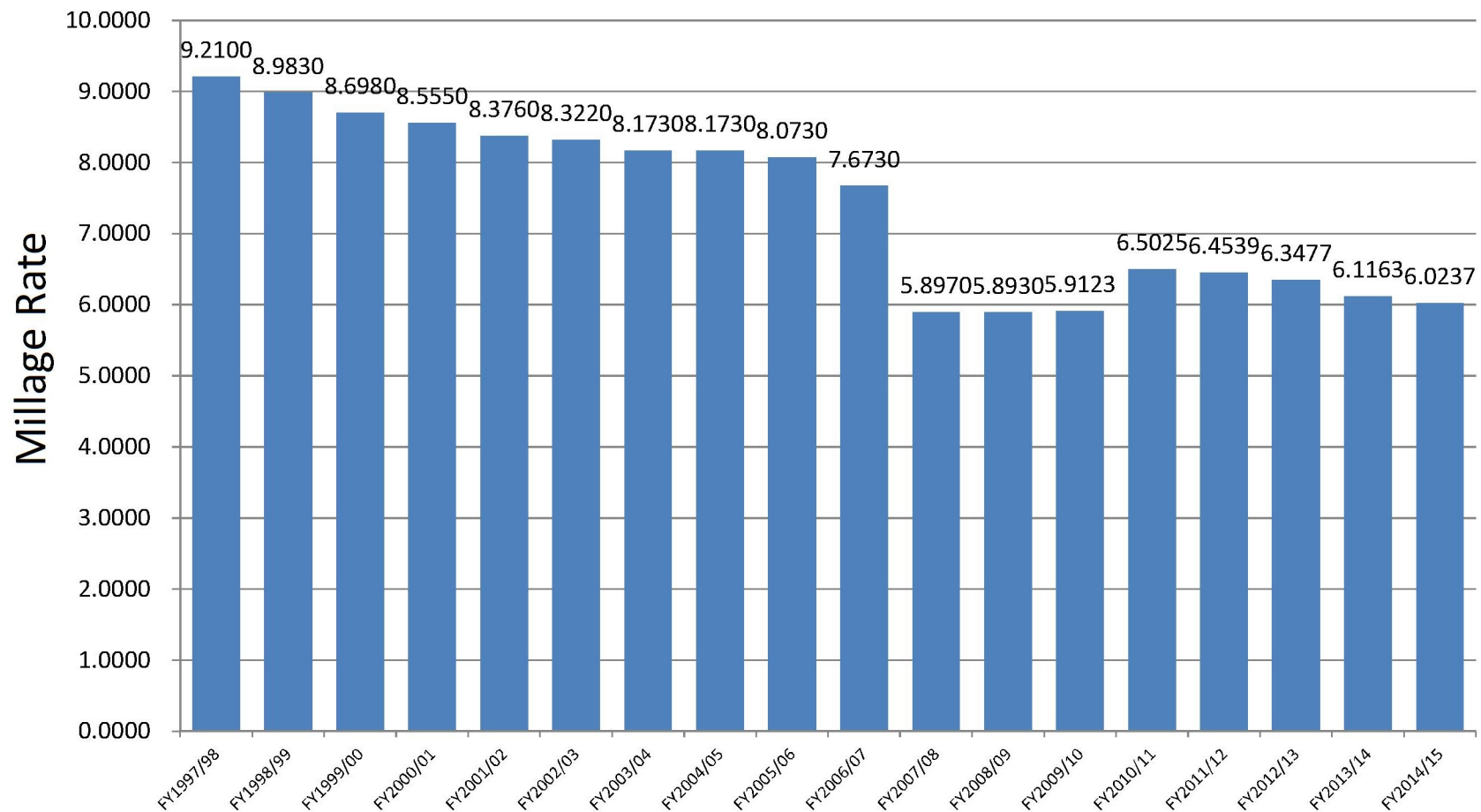
# POSITION COUNT TREND

**Positions are 7% less in FY 2014/15 than in FY 2006/07 (all funds)**



# TOTAL COMBINED MILLAGE TREND

**Current combined millage rate is 3.2 mills or 35% less than in FY 1997/98 and 1.6 mills or 21% less than in FY 2006/07**



# OVERLAPPING MILLAGE RATES

**City of Miami Beach portion of property tax bill has decreased as a percentage of the total bill from 33% to 30%**

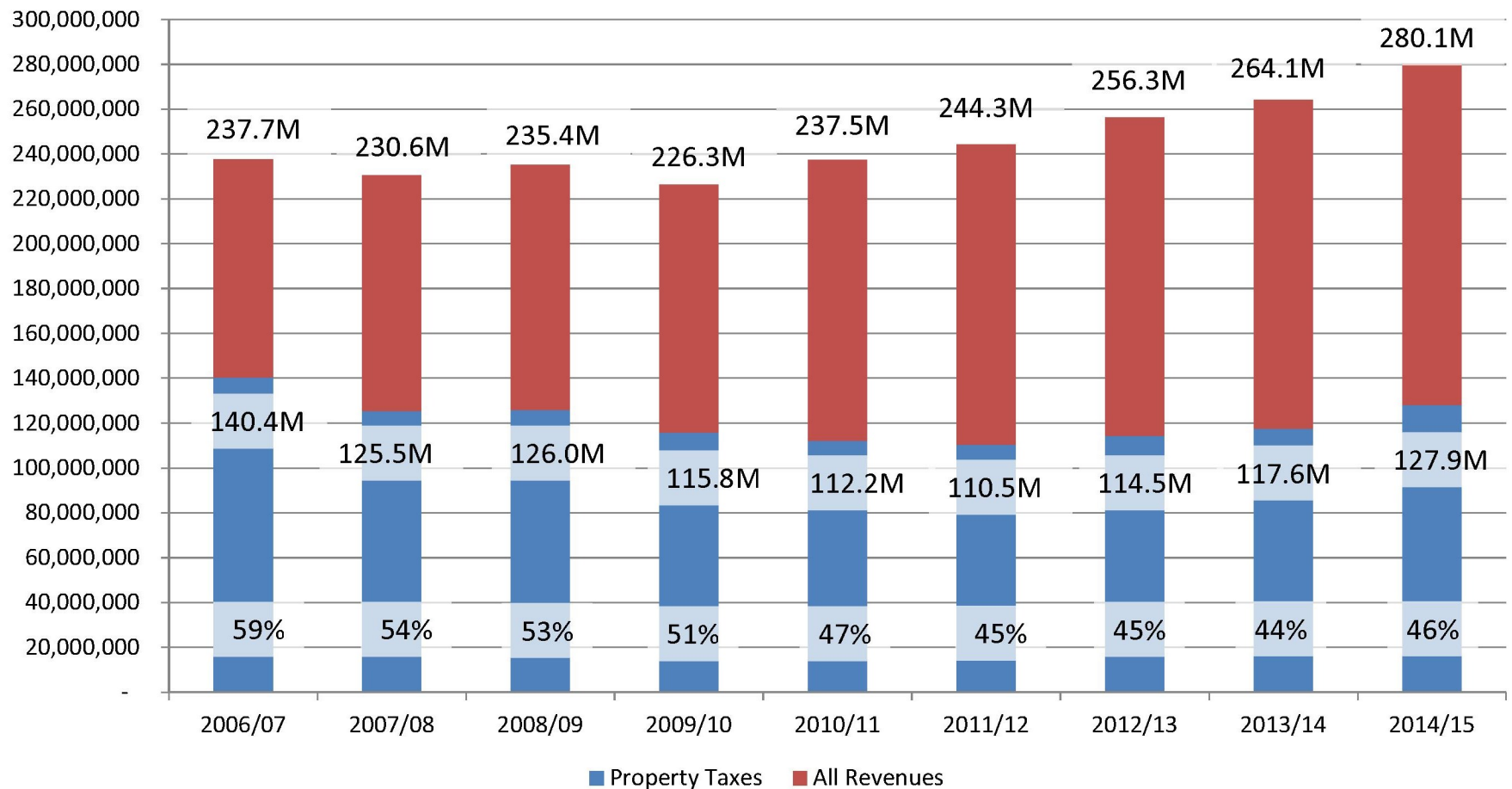
OVERLAPPING TAX MILLAGE	FY 06/07	06/07 Total	FY 14/15	14/15 Total	Variance from 06/07
City of Miami Beach	7.6730	33%	6.0237	30%	-1.6493
Miami Dade County	6.3860	27%	5.4009	27%	-0.9851
School Board	8.1050	35%	7.9740	40%	-0.1310
Children's Trust	0.4220	2%	0.5000	2%	0.0780
Other	0.7360	3%	0.2470	1%	-0.4890
<b>Total</b>	<b>23.3220</b>	<b>100%</b>	<b>20.1456</b>	<b>100%</b>	<b>-3.1764</b>



# PROPERTY TAX REVENUE TRENDS

**Property Tax revenues are 9% less than in FY 2006/07**

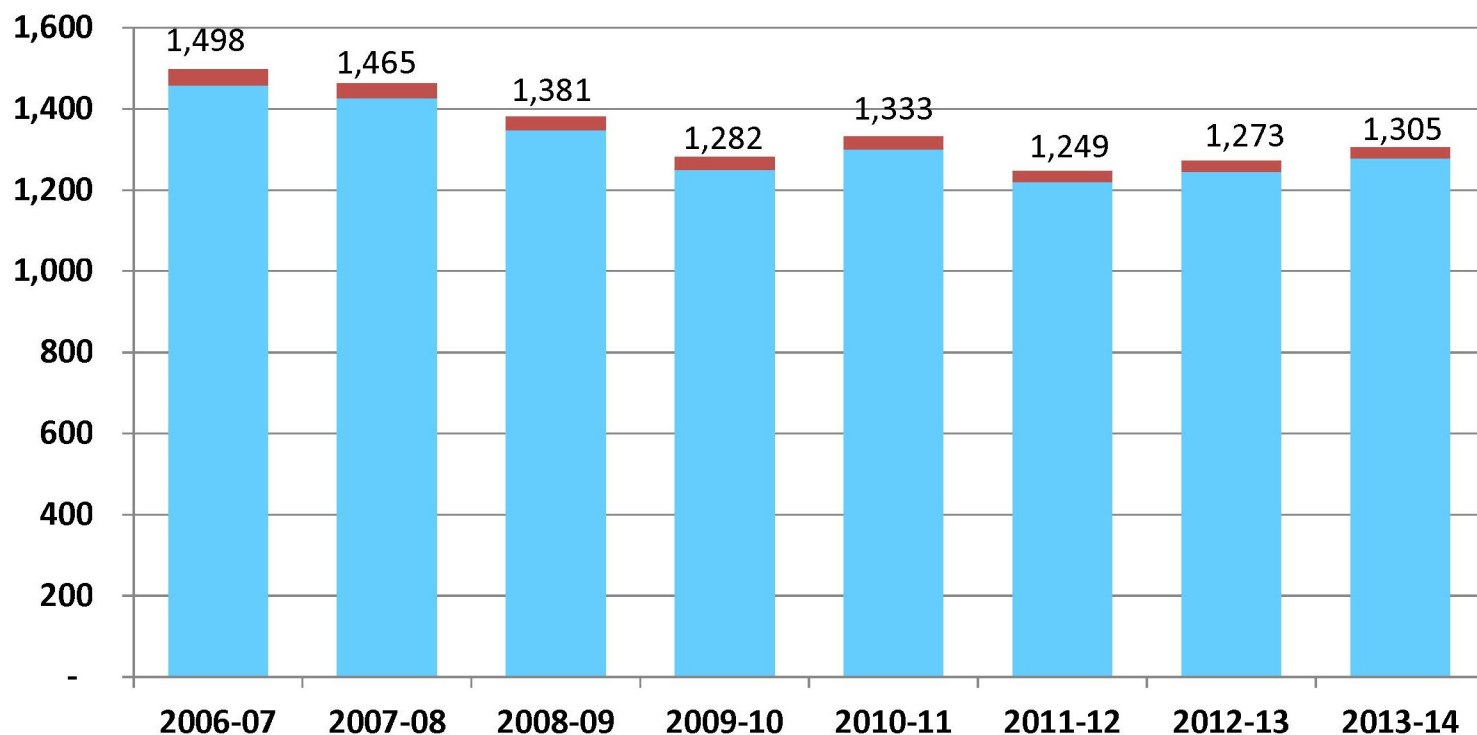
**Property Taxes are 46% of GF Revenues compared to 59% in FY 2006/07**





# GENERAL FUND AND G.O. DEBT BUDGET BY ADP FY07-14

**Average Daily Population has grown faster than the General Fund and G.O. Debt budget since FY 2006/07**



Note: Average Daily Population for FY 2014-15 not available until end of calendar year

■ GF Exp per ADP ■ GO Debt per ADP



# FY 2014/15 Budget Highlights



# FY 2014/15 PROPERTY VALUES

## Increase in certified property values

- 9.9 percent Citywide and 10.3 percent outside the City Center Redevelopment Area – as compared to a 6.9 percent increase Citywide in FY 2014/15

	Jan. 1 2013 Value (in billions)				Jan. 1, 2014 Value (in billions)	Change from 2013 Value (Budget)	
	As of July 1 2013 (For FY 2013/14 Budget)	Revised Value (For FY 2013/14 Projection)	Change in 2013 Values	% Chg.	As of July 1 2013 (For 2014/15 Budget)	\$ (in billions)	% Chg
RDA – City Ctr	\$ 3.8714	\$ 3.6341	\$ (0.2373)	-6.1%	\$ 4.1867	\$ 0.3153	8.1%
South Pointe	3.9148	3.7692	(0.1456)	-3.7%	4.3275	\$ 0.4127	10.5%
General Fund excl S.Pte	16.8703	16.2354	(0.6349)	-3.8%	18.5942	\$ 1.7239	10.2%
Total Citywide	\$ 24.6565	\$23.6387	(1.0178)	-4.1%	\$ 27.1084	\$ 2.4519	9.9%
Citywide Net of City Center	\$ 20.7851	\$20.0046	\$ (0.7805)	-3.8%	\$ 22.9217	\$ 2.1366	10.3%

# FY 2014/15 MILLAGE RATE

General Fund	5.6859 mills	
Renewal & Replacement	<u>0.1083 mills</u>	
Operating Millage Rate	5.7942 mills	(5.8634 FY 2013/14, 0.0692 decrease)
G.O. Debt Service	<u>0.2295 mills</u>	<u>(0.2529 FY 2013/14, 0.0234 decrease)</u>
Total	6.0237 mills	(6.1163 FY 2013/14, 0.0926 decrease)
Operating Millage Rolled-Back Rate	5.1076 mills	

# MILLAGE RATE GOAL

- FY 2010/11 rate increase of 0.56 mills to help offset \$32 million deficit
  - From 5.9123 to 6.5025 = 0.5902 increase
- Proposed Goal: Reduce combined millage rate to 5.9123 as property values rise
- Millage reductions to date represent 81 percent of the goal
  - Total millage decrease to date is 0.4788; 0.1114 remains
  - Remaining goal is approximately \$2.7 million



# FY 2014/15 BUDGET DEVELOPMENT

## **CURRENT SERVICE LEVEL BUDGET**

- Original FY 2014/15 General Fund Current Service Level (CSL) budget surplus of \$2.0 million presented as of June 4, 2014
  - Included decrease in debt service millage of 0.0234
- CSL surplus was updated to \$2.45 million as of July 16, 2014 due to:
  - Additional property tax revenue from July 1<sup>st</sup> valuation of \$650,000
  - Additional windstorm coverage insurance cost of \$201,000



# FY 2014/15 BUDGET DEVELOPMENT

## **Approaches to balance \$2.45 million surplus in General Fund**

- Proposed efficiencies resulting in \$60,000 of savings
- Proposed service level enhancements totaling \$1,974,000
- Changes resulting in \$415,000 million of less revenue
  - Additional millage rate reduction of 0.0692 (\$1.5 million)
  - \$1.1 million increase in Resort Tax transfer for tourism eligible expenditures

# FY 2014/15 BUDGET DEVELOPMENT

## **Highlights of Enhancements**

- Stormwater program O&M funding: \$1.5 million
- Body Camera program in Police, Code, Building, and Fire, and Parking: \$834,000
- Parking garage cleanliness and appearance: \$620,000
- Enhanced service at beachfront restrooms on weekends, holidays, and special events: \$476,000
- Park ranger program: \$208,000
- Enhanced loading zone enforcement: \$217,000
- Interim Intelligent Transportation System (ITS) solution: \$200,000

# FY 2014/15 BUDGET DEVELOPMENT

## **Highlights of Enhancements**

- Enhanced emergency response equipment and security upgrades in key facilities using CPTED: \$196,000
- More proactive code compliance: \$177,000
- Support of “can-on-every-corner” initiative: \$169,000
- Address homelessness at Lummus Park: \$118,000
- Enhance city’s website, social media outreach, and original programming on MBTV: \$85,000
- Enhanced cleanliness and appearance indexes: \$80,000
- Establish unsafe structures board: \$50,000



# FY 2014/15 BUDGET DEVELOPMENT

- The Adopted General Fund Budget reflects a 6.1 percent increase
- The Adopted General Fund operating budget is only 18 percent more than in FY 2006/07 in spite of 18 percent growth in CPI, 98 percent growth in pension costs, and many new facilities and projects coming on line
- The Adopted property tax levy is approximately \$13 million less than in FY 2006/07



# FY 2015/16 Budget Development Update





# FY 2015/16 CSL BUDGET

- The Current Service Level (CSL) budget represents the cost of providing the same level of service as in the prior fiscal year
- CSL provides the baseline of funding for the upcoming budget process

# FY 2015/16 PROPERTY VALUES

- The Property Appraiser provides preliminary 2014 property values on June 1<sup>st</sup> and certified values on July 1<sup>st</sup>
- Preliminary property values will be known for the June 3<sup>rd</sup> Finance Committee meeting
  - Revised CSL budget numbers will be provided

# FY 2015/16 CSL EXPENDITURES

- **CSL expenditures are estimated to increase \$12.1 million or 4.3 percent**
  - Higher pension contributions: \$2.8 million
    - Both pension boards voted to lower the investment rate assumption
    - Power to determine assumptions is vested in Pension Board based on Florida Statutes
    - Fire & Police from 8.0 to 7.75 percent over 5 years (\$1.9 million)
    - MBERP from 8.0 to 7.4 percent over 4 years (\$890,000)
    - Florida Retirement System is moving from 7.75 to 7.6 percent
  - 0-2 percent merit: \$2.2 million
  - Leave payouts: \$1.2 million
    - Spike in payouts due to retirements, DROP, and separations from the City

# FY 2015/16 CSL EXPENDITURES

- **CSL expenditures continued**

- Impact of annualized costs for items added in FY2014/15
  - New landscaping contract: \$1.64 million
  - PC replacement from 5 to 3 years: \$534,000 (year 1 of 2)
  - Body camera maintenance: \$332,000
  - Energov software maintenance: \$249,000



# FY 2015/16 CSL EXPENDITURES

- **CSL expenditures continued**

- Impact of annualized cost of items added mid-year

- Staffing for 6 new lifeguard stands (resort tax): \$802,000
    - Enhanced tuition reimbursement program: \$285,000
    - Pre-employment background checks: \$283,000
    - License Plate Reader on MacArthur Causeway (resort tax): \$276,000 (*one-time*)
    - Additional windstorm insurance: \$204,000
    - Janitorial service level increase: \$203,000
    - Security guards on 4<sup>th</sup> floor of City Hall and Housing & Community Services: \$128,000
    - Utilities related to O'Cinema contract at Byron Carlyle: \$112,000
    - Executive services program: \$105,000



# FY 2015/16 CSL EXPENDITURES

- **CSL expenditures continued**

- Impact of miscellaneous items

- Higher general liability legal fees and workers comp legal fees based on trend: \$210,000
    - Outside legal counsel for labor negotiations and Watson Island: \$160,000
    - Additional police overtime for dignitary visits during Presidential election year: \$160,000
    - Actuary and pension attorney for labor negotiations: \$157,000
    - Electricity for new streetlights and irrigation costs added from capital projects: \$154,000

# FY 2015/16 CSL REVENUES

- **CSL revenues**

- Non-property tax revenues increased by \$2.6 million
  - Includes increase to Resort Tax contribution of \$1.7 million for items added in mid-year FY 15 and annualized items from FY14
- Less by \$1.6 million in one-time revenue from prior year savings
- At the current millage rate, property values would need to increase 8.7 percent to balance CSL
  - Need property tax revenue increase of \$10.7 million
  - Last year property values increased 10.3 percent
  - Does not assume additional contributions from Resort Tax or Parking
  - Does not assume any efficiencies

# MILLAGE RATE GOAL

- Proposed Goal: Reduce combined millage rate to 5.9123 as property values rise
- Millage reductions to date represent 81 percent of the goal
  - Total millage decrease to date is 0.4788; 0.1114 remains
  - Remaining goal is approximately \$2.7 million
- To balance CSL and fully meet millage reduction goal, need 10.9 percent increase in property values
  - For half of remaining millage goal, need 9.9 percent
  - Reminder: 10 percent cap on assessments for non-homestead prop.'s
  - Does not assume additional contributions from Resort Tax or Parking
  - Does not assume any efficiencies



# POTENTIAL FUTURE RISK FACTORS

- Boom/bust real estate cycles in South Florida
- Property tax revenue cap of new construction plus average percentage growth in Florida personal income
- Collective Bargaining Agreement impacts
- Pension Board impacts
- Tightening labor market
- Impacts from National Flood Insurance Reform Act
- Increased reliance on Resort Taxes

# FY 2015/16 OTHER FUNDS

- **Transportation Fund**

- CSL includes expanded trolley system: North Beach, Mid Beach, South Beach, and Collins Link
- Includes additional Quality of Life funds
- Requires reallocating all PTP capital funds
- Requires contribution from Parking of additional \$2 million

- **Resort Tax Fund**

- Potential GMCVB contract cost impact
- Potential negative revenue impact from Convention Center construction (ex. Boat Show)



# FY 2015/16 OTHER FUNDS

- **Parking Fund**

- Potential rate increases to non-residents to cover costs for enhanced trolley system, new garages, and planned modern streetcar

- **Water & Sewer**

- Potential rate increases to offset trend in lower demand and critical infrastructure upgrades

- **Stormwater**

- First \$100 million in bonds to be sold in June

# NEXT STEPS

- Finance and Citywide Projects Committee meetings – full Commission
  - **June 3<sup>rd</sup>**
    - CSL update for General Fund
    - Capital Budget
  - **July 1<sup>st</sup>**
    - General Fund budget including enhancements, efficiencies, and revenue adjustments
  - **July 22<sup>nd</sup>**
    - Finalize operating and capital budgets
    - Review enterprise funds and potential rate increases

# NEXT STEPS

- **Two budget hearings in September**
  - September 10<sup>th</sup> and September 30<sup>th</sup>
- **Millage rates**
  - Set preliminary millage rate on July 23<sup>rd</sup>
  - Tentative millage rate at first public hearing
  - Final millage rate at second public hearing